

VZCZCXYZ0001
PP RUEHWEB

DE RUEHKA #0405/01 1131120
ZNY CCCCC ZZH
P 231120Z APR 09
FM AMEMBASSY DHAKA
TO RUEHC/SECSTATE WASHDC PRIORITY 8683
INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE PRIORITY
RUEHC/DEPT OF LABOR WASHDC PRIORITY
RHHMUNA/USCINCPAC HONOLULU HI PRIORITY
RUCPDOG/DEPT OF COMMERCE WASHINGTON DC PRIORITY

C O N F I D E N T I A L DHAKA 000405

SIPDIS

WH FOR USTR: CLAUDIO LILIENFELD, AARON ROSENBERG
DEPT FOR: USAID, SCA/RA, SCA/INSB, EB, DRL, G, IWI
LABOR FOR TIM WEDDING, ANNE ZOLLNER AND RACHEL RIGBY

E.O. 12958: DECL: 04/21/2019
TAGS: [ELAB](#) [ECON](#) [ETRD](#) [PHUM](#) [PREL](#) [BG](#)
SUBJECT: BANGLADESH GSP UPDATE: PROGRESS ON THE RIGHT TO
ORGANIZE IN THE EXPORT ZONES AND WORKING CONDITIONS IN THE
SHRIMP SECTORS, GARMENTS STILL LAGGING BEHIND.

REF: A. 09 DHAKA 130
[B](#). 08 DHAKA 618
[C](#). 08 DHAKA 512

Classified By: Ambassador James F. Moriarty. Reasons 1.4 (b) and (d).

Summary

[1](#)1. (C) The labor situation has steadily improved over the past year, ahead of an April 24 hearing on the petition to revoke U.S. Generalized System of Preferences (GSP) benefits for Bangladesh. According to all parties concerned in Bangladesh, organized labor has succeeded in forming Workers, associations in most export processing zone (EPZ) factories. Overall working conditions in shrimp processing plants are significantly better; the Government of Bangladesh (GOB) also has tightened scrutiny of the industry. Meanwhile, labor groups and think tanks assert that progress in the ready-made garments sector (RMG) has been uneven, however, and the gulf between labor and management remains large. Nevertheless, the GOB, organized labor, and industry groups recognize the value of closer cooperation. In an April 12 meeting with the Ambassador, officials from the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO), which filed the GSP petition, and the American Center for International Labor Solidarity (ACILS) also echoed the above assessment of the EPZs, shrimp, and RMG sectors.

Background

[1](#)2. (SBU) Bangladesh has been the subject of several petitions to withdraw GSP benefits since 1990, the most recent of which the AFL-CIO filed on June 22, 2007. The latest petition is divided into four areas: 1) Labor violations in the EPZ, 2) Labor violations in the RMG industry, 3) Labor violations in the shrimp and fish processing industry; and, 4) Harrassment by the Government and Security Forces of trade unions, workers and NGOs. During the course of the 2007 review the GSP subcommittee observed progress in the EPZs and shrimp industry but found that improvements were needed in other areas. As a result, the GSP subcommittee held a hearing in October 2008. A second hearing is planned for April 24.

Positive signs in the EPZ

[1](#)3. (C) While union activity outside the EPZs was restricted under the 2007-2008 Caretaker Government, labor groups made

tremendous strides in forming workers associations inside the export processing zones. Privately, the Country Director for ACILS, which runs a USG-funded worker rights program in Bangladesh, told us there were no other pressing issues in the EPZs and a desire to push rights of association "was the reason we filed the (latest) petition." In a meeting with the Ambassador, the AFL-CIO's Policy Director described Bangladesh's progress as "remarkable." According to figures provided by the Government of Bangladesh (GOB), associations are present in approximately 75% of EPZ factories. Ministry of Labor and Employment (MOLE) officials claim the GOB plans to achieve full unionization in the EPZs sometime after 2010.

ACILS and the AFL-CIO did not dispute the figure provided by the GOB but alleged that in certain instances workers, associations had been unable to negotiate with management and association leaders had faced retribution. The AFL-CIO and ACILS agreed, however, that the EPZ authorities had been cooperative.

14. (SBU) In 2008, the GOB promulgated an ordinance granting the country's labor courts jurisdiction over disputes in the EPZ. The AFL-CIO and ACILS representatives added that ultimately the GOB would need to extend the EPZ Workers Association and Industrial Relations Act (EWAIRA*creating workers associations for the EPZ) and merge it into Bangladesh's Labor Law in order to give workers full rights of unionization. The GOB lifted the minimum age requirement to join workers, associations, granting workers greater flexibility to determine their own rules for membership in these bodies. The original EPZ Workers Association and Industrial Relations Act (EWAIRA) also had called for the creation of special labor tribunals. ACILS and organized

labor reported the use of Bangladesh's labor courts was an acceptable alternative to the creation of tribunals.

15. (SBU) The EWAIRA itself was set to expire in October 2008 but the Caretaker Government extended it, by promulgating an ordinance, until October 2010. Though the newly-elected government thus far has failed to ratify the Caretaker Government's extension (as required by Bangladesh's Constitution in order for it to remain in force), the Prime Minister assured the EPZ Chairman that the GOB would eventually ratify EWAIRA's extension. Thus far the absence of this ratification has not affected the associations. Organized labor acknowledged that the government's failure to ratify the ordinance was more likely a function of a slow moving bureaucracy than anything else.

Free to organize

16. (SBU) One of the main concerns of the GSP petition was the decision of the Caretaker Government (CTG) early in 2007, at the beginning of its tenure, to ban all trade union activities as a part of the State of Emergency provisions. (The State of Emergency, at the same time, instituted a ban on a variety of political activities as part of a large drive against corruption and in an attempt to reform the political process.) The CTG partially relaxed these restrictions in September 2008 and fully lifted the State of Emergency on December 17, effectively removing the ban. Since then union activities have returned to normal.

Conditions improving in the shrimp sector

17. (C) The GOB has long recognized that child labor problems exist in Bangladesh. Over time, the government has worked to reduce child labor. Since the filing of the GSP petition, the GOB has taken further steps to address this problem, especially in the shrimp sector. In September 2008, the Ministry of Labor and Employment (MOLE) established a Child Labor Unit to plan, manage and oversee the implementation of child labor programs throughout the country. With regard to the shrimp industry, increased scrutiny by the GOB and the

international community of processing plants has greatly reduced the incidence of child labor, according to both the GOB and several independent labor analysts. (Admittedly, there are no specific metrics to quantify this.) There are two types of inspectors: those focused primarily on quality control and those focused on labor conditions. Between the two, the GOB asserts that almost all processing plants are inspected weekly and so far no child labor has been found. A Ministry of Fisheries official added that the MOLE advised companies not to hire anyone below the age of 14 as it is often difficult to verify an individual's real age. (Note: In certain sectors, including the shrimp industry, 12 is the minimum age for employment. End note.) Recent USG assessments of the shrimp industry have also found little or no evidence of forced or child labor (Reftel B).

¶18. (C) As another measure to prevent child labor, the GOB now requires processing plants to certify their compliance with labor regulations before renewal of their operating licenses. This compliance mechanism covers areas such as health care, provision of the minimum wage, child care for female workers and working hours and conditions. Plants have to secure a passing score in this field, in addition to an overall passing score, to have their license renewed. Of the 78 shrimp processing plants, the GOB reports that 70 have complied with these requirements; the remaining eight factories have three months to achieve compliance. If they fail, they will be in danger of losing their licenses. The government is also in the process of bringing shrimp hatcheries under this system and has tabled a bill in Parliament to this effect.

¶19. (C) The GOB claims it has ensured that all shrimp processing plants provide appointment letters and health cards to employees informing workers about service rules. There are no outstanding cases pending before the labor courts and the 20 that existed before have been settled to the satisfaction of the individuals involved. According to ACILS, factories in the shrimp industry are not yet fully compliant with Bangladesh's labor law on issues like child labor and working conditions but are making significant

progress in a good faith effort.

A wide gulf on Apparel

¶10. (SBU) The GOB and the industry associations both contend that the garment industry effectively complies with labor regulations through self-monitoring. Government and industry claimed that as of January 15, 2009, 99% of factories had implemented the minimum wage, 90% had issued appointment letters and 90% had provided identification cards. This compares with 99%, 79%, and 80% compliance rates, respectively, a year ago. According to government and industry, 2 million workers have received service books (documenting employment history), out of a total of 2.5 million garments workers. In addition, they maintain that trade unions also participate in the compliance process.

¶11. (C) ACILS pointed out that many trade unions involved in compliance are connected with the industry associations and therefore not truly effective. In fact, ACILS says that employers even fail to meet their minimum obligations, for example in providing an extra 5% for an employee pension fund. Furthermore, ACILS claimed that inspections of factory conditions were not properly carried out and were not independent. ACILS disputed the industry figures on wages, appointment letters, and i.d. cards and alleged that the factory owners inflated their numbers for all of these measures.

¶12. (C) ACILS representatives said owners did not comply with GOB regulations that required employers to pay factory workers a graduated minimum wage based on length of service or job designation. ACILS also claimed many factory owners

did not pay workers the base minimum wage of 1,662 taka per month (approximately \$24). A top GOB official acknowledged to EmbOffs that the government has focused on compliance in paying the base minimum wage (versus payment of adjusted minimum wages). Independent labor analysts and think tanks agreed that claims of high rates of compliance were very likely exaggerated. Many suggest that the smaller factories are the ones having a difficult time meeting the standards set for compliance with labor laws, including regularity of pay. ACILS reported workers also complained of irregularities in pay. ACILS suggested that Bangladesh needed to properly analyze and revise its complicated minimum pay structure.

Comment

¶13. (C) Bangladesh has made significant progress in improving labor conditions across several areas over the past year. This is something even the country's harshest critics--the AFL-CIO and ACILS--are ready to admit. However, the differences of opinion over performance in the garment industry indicate, there is still a long way to go. If the GSP petition is a shot across the bow from organized labor, then the GOB and industry are responding. AFL-CIO officials told us it was important to keep the review open, not to remove GSP benefits, but rather to "fix the problem." Post will continue to urge all parties to work together to achieve additional progress.

MORIARTY